

What Services Are Covered by Medical Assistance and the BHP?

**And How Much Do
They Cost?**

**SENATE WAYS & MEANS COMMITTEE
November 13, 2002**

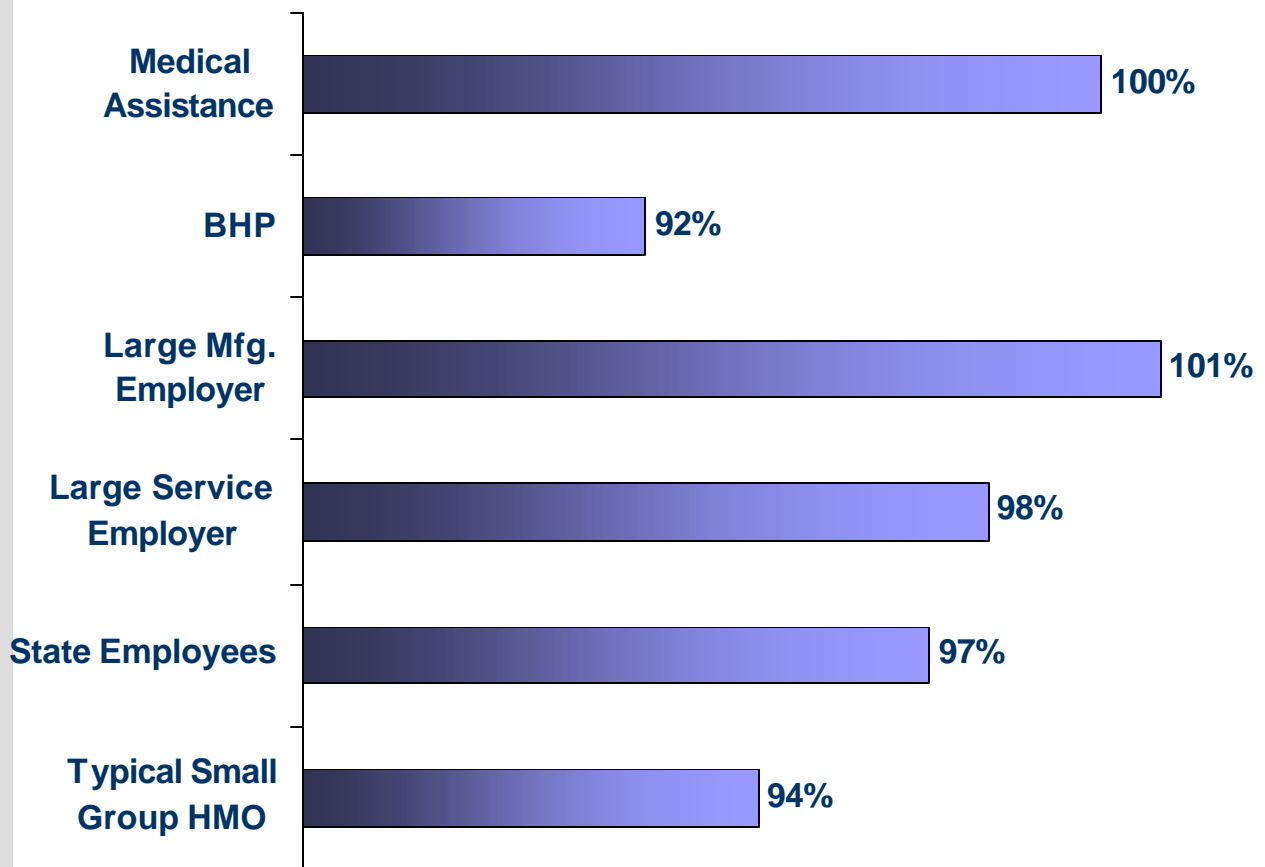
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What Services Are Covered by the BHP?

COVERED SERVICES	LIMITS ON SERVICE
Primary Care Visits	
Inpatient Hospital	
Emergency Room	
Ambulance	
Lab, Radiology, & X-Ray	
Prescription Drugs	30-day supply per co-pay
Chiropractic & Physical Therapy	6 visits within 1 year of joint surgery.
Mental Health	10 inpatient days & 12 outpatient visits per year
Chemical Dependency Treatment	\$5,000 every 24 months; \$10,000 lifetime maximum.
Organ Transplants	12-month waiting period, except for newborns and conditions not pre-existing.

The BHP Is Quite Comparable to Other Washington Health Plans In The Range of Medical Services Covered...

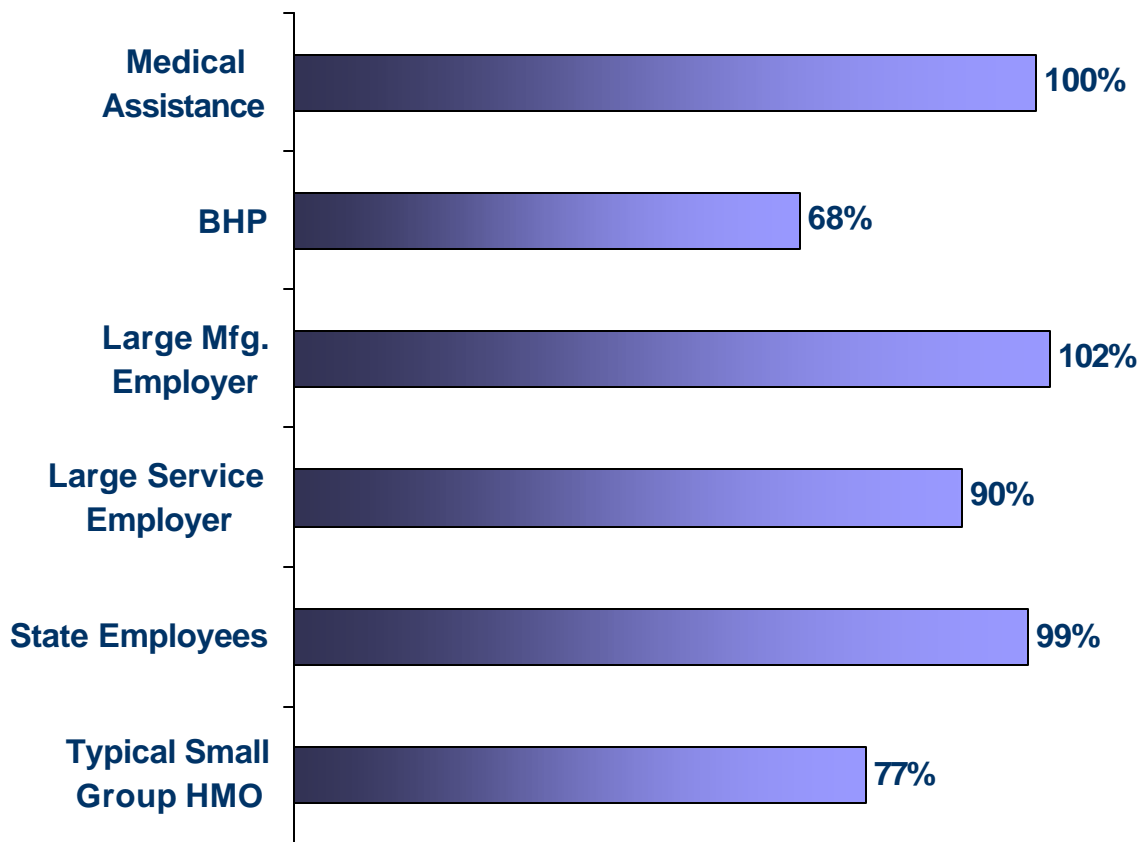
RELATIVE VALUE OF COVERED MEDICAL SERVICES



Source: 1996 FosterHiggins, Inc. analysis of Washington health benefits for legislative fiscal committees; continued applicability to 2002 market confirmed by successor company, the William M. Mercer Company.

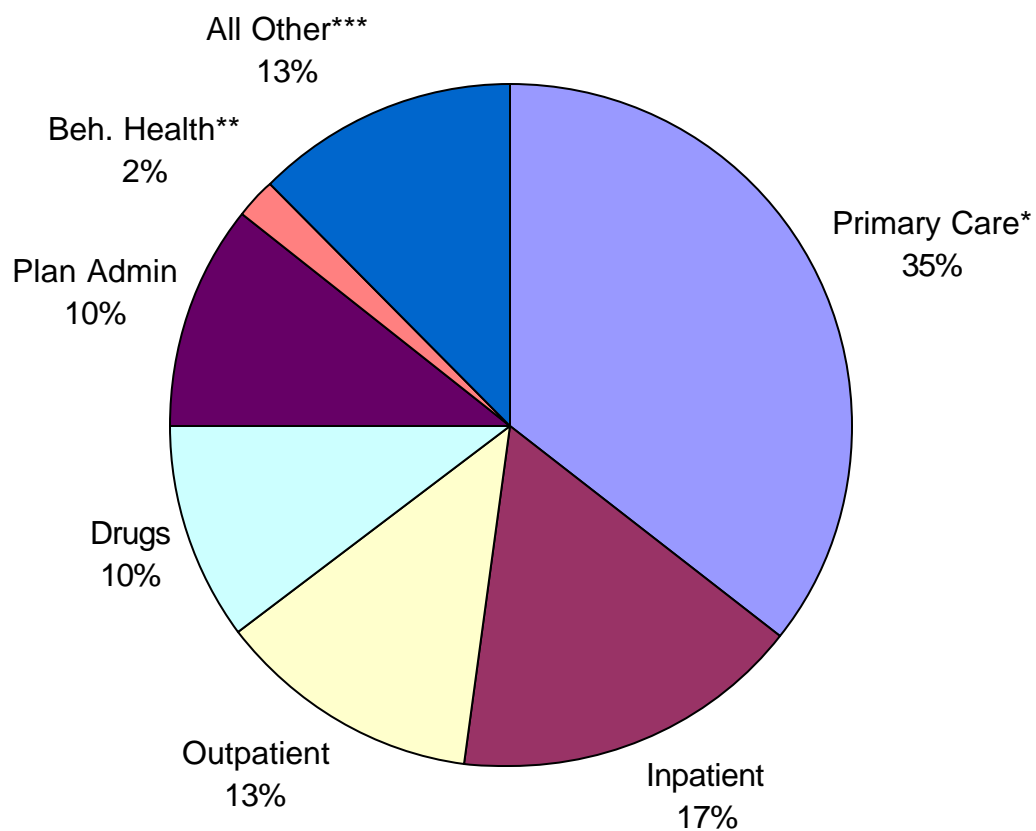
...But the BHP Is More "Basic"
Than Most Health Plans, to the
Extent That It Does Not Provide
Dental or Vision Coverage.

**RELATIVE VALUE OF COVERED MEDICAL SERVICES
INCLUDING DENTAL AND VISION**



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Hospital, Physician, and Drug Expenditures Account for About 75% of BHP Benefit Costs.



* "Primary Care" includes physicians, lab, and X-ray.

** "Behavioral Health" includes mental health and chemical dependency treatment.

*** Includes ambulances, home health, medical equipment, and services by other professionals.

How Much Do BHP Enrollees Pay at the Point of Service, and How Have These Co-Pays Changed Over the Past 6 Years?

BENEFIT	COPAY	CONDITIONS	CHANGES SINCE 1996
Primary Care Visits	\$10	No co-pay for routine physicals, mammograms, and other recommended screenings.	\$8 prior to 1998.
Inpatient Hospital	\$100/day	\$500 maximum/year.	\$50 prior to 1998.
Emergency Room	\$50		\$25 prior to 1998.
Ambulance	\$50		\$25 prior to 1998.
Lab, Radiology, & X-Ray	\$0		
Drugs -- "Tier 1"	\$3	pre-natal vitamins, amoxicillin, insulin.	\$1 prior to 2002.
Drugs -- "Tier 2"	\$7	generic in formulary.	\$5 prior to 2002.
Drugs -- "Tier 3"	50%	formulary brand-name.	
Chiropractic & Physical Therapy	\$10	6 visits within 1 year of joint surgery.	not covered prior to 2002.
Mental Health	\$100 \$10	per inpatient admit; per outpatient visit.	not covered prior to 1996.
Chemical Dependency Treatment	\$100 \$10	per inpatient admit; per outpatient visit.	not covered prior to 1996.
Organ Transplants	\$100 \$10	per inpatient admit; per outpatient visit.	not covered prior to 1996.

How Do BHP Co-Pays Compare with Other Insurance Plans'?

	HMO Plans (2002)			Preferred Provider Organization Plans			
	BHP	Wa. PEBB	National Average*	WEA Plan 1**	Wa. High-Risk Pool^	Wa. UMP	National Average*
Primary Care Visits	\$10	\$10	\$14	\$15	20%	10%	15%
Inpatient Hospital	\$100/day \$500/year	\$200/day \$600/year	N.A.	\$50/day \$150/year	20%	\$200/day \$600/year	N.A.
Drugs -- "Tier 1"	\$3	\$10	\$9	\$7	\$7	20%	21%
Drugs -- "Tier 2"	\$7	\$20	\$17	\$15	\$15	30%	25%
Drugs -- "Tier 3"	50%	\$30	\$26	\$15	\$15	50%	30%
Mental Health Visit	\$10	\$10	\$10	30%	20%	10%	N.A.
Deductible	\$0	\$0	\$0	\$0	\$500 - \$1,500	\$200	\$352
Out-of-Pocket Maximum	None	\$750	N.A.	None	\$1000 - \$2500	\$1,125	N.A.

"N.A." = Not Available.

Deductibles and Out-of-Pocket Maximums are for an individual enrollee.

PPO co-pays assume the enrollee uses a preferred rather than non-preferred provider.

*National Averages are from Kaiser Family Foundation "2002 Annual Employer Health Benefits Survey".

**Washington Education Association offers three PPO plans. Plan 1 has the largest enrollment in 2002.

^ The High-Risk Pool offers three non-Medicare PPO options. Where 2 numbers are shown, they are the high and low options.

What Are BHP Enrollees' Monthly Premium Amounts?

	Average Monthly Income	Monthly Premium if Adults Aged:		Premium % of Family Income	
		19-39	40-54	19-39	40-54
0 - 64% of Federal Poverty Level					
1-Person Family	\$239	\$10	\$10	4.2%	
2 Adult Enrollees	\$323	\$20	\$20	6.2%	
2 Adults, 2 Medicaid kids*	\$490	\$20	\$20	4.1%	
2 Adults, 2 BHP kids*	\$490	\$40	\$40	8.2%	
64 - 99% of Federal Poverty Level					
1-Person Family	\$608	\$14	\$14	2.3%	
2 Adult Enrollees	\$820	\$28	\$28	3.4%	
2 Adults, 2 Medicaid kids*	\$1,244	\$28	\$28	2.3%	
2 Adults, 2 BHP kids*	\$1,244	\$56	\$56	4.5%	
100 - 124% of Federal Poverty Level					
1-Person Family	\$830	\$17.50	\$17.50	2.1%	
2 Adult Enrollees	\$1,119	\$35	\$35	3.1%	
2 Adults, 2 Medicaid kids*	\$1,696	\$35	\$35	2.1%	
2 Adults, 2 BHP kids*	\$1,696	\$70	\$70	4.1%	
125 - 139% of Federal Poverty Level					
1-Person Family	\$977	\$22	\$28	2.3%	2.9%
2 Adult Enrollees	\$1,317	\$44	\$56	3.3%	4.3%
2 Adults, 2 Medicaid kids*	\$1,998	\$44	\$56	2.2%	2.8%
2 Adults, 2 BHP kids*	\$1,998	\$79	\$91	4.0%	4.6%
140 - 154% of Federal Poverty Level					
1-Person Family	\$1,088	\$33	\$42	3.0%	3.9%
2 Adult Enrollees	\$1,467	\$66	\$84	4.5%	5.7%
2 Adults, 2 Medicaid kids*	\$2,224	\$66	\$84	3.0%	3.8%
2 Adults, 2 BHP kids*	\$2,224	\$101	\$119	4.5%	5.4%
155 -169% of Federal Poverty Level					
1-Person Family	\$1,200	\$43	\$55	3.6%	4.6%
2 Adult Enrollees	\$1,616	\$86	\$110	5.3%	6.8%
2 Adults, 2 Medicaid kids*	\$2,450	\$86	\$110	3.5%	4.5%
2 Adults, 2 BHP kids*	\$2,450	\$131	\$155	5.4%	6.3%
170 - 184% of Federal Poverty Level					
1-Person Family	\$1,310	\$55	\$70	4.2%	5.3%
2 Adult Enrollees	\$1,765	\$110	\$140	6.2%	7.9%
2 Adults, 2 Medicaid kids*	\$2,677	\$110	\$140	4.1%	5.2%
2 Adults, 2 BHP kids*	\$2,677	\$165	\$195	6.2%	7.3%
185 - 200% of Federal Poverty Level					
1-Person Family	\$1,421	\$66	\$85	4.6%	6.0%
2 Adult Enrollees	\$1,915	\$132	\$170	6.9%	8.9%
2 Adults, 2 Medicaid kids*	\$2,900	\$132	\$170	4.6%	5.9%
2 Adults, 2 BHP kids*	\$2,900	\$198	\$236	6.8%	8.1%

* Children who are U.S. citizens or who have legally resided in the country for at least 5 years are eligible for Medicaid, at no cost to the family. Other children can enroll in the BHP, for a premium ranging from \$10 - \$33/child/month.

Medical Assistance Programs

Provide A Broad Array of Services Under the Federal Medicaid Program, Particularly to Children.

M = Mandatory under federal Medicaid rules. Service must be covered for all persons covered by the state's Medicaid program, regardless of whether the person's coverage by Medicaid is mandatory or optional.

O = Optional under federal Medicaid rules. State is not required to provide the service, but the federal government will share in the cost for Medicaid-eligible persons if the state does cover the service. States generally may not provide an optional service to some Medicaid-eligibles and not others, except for the "medically needy".

E = Service must be provided to a Medicaid-eligible child if it is needed to correct or ameliorate a physical or mental condition identified by a licensed practitioner.

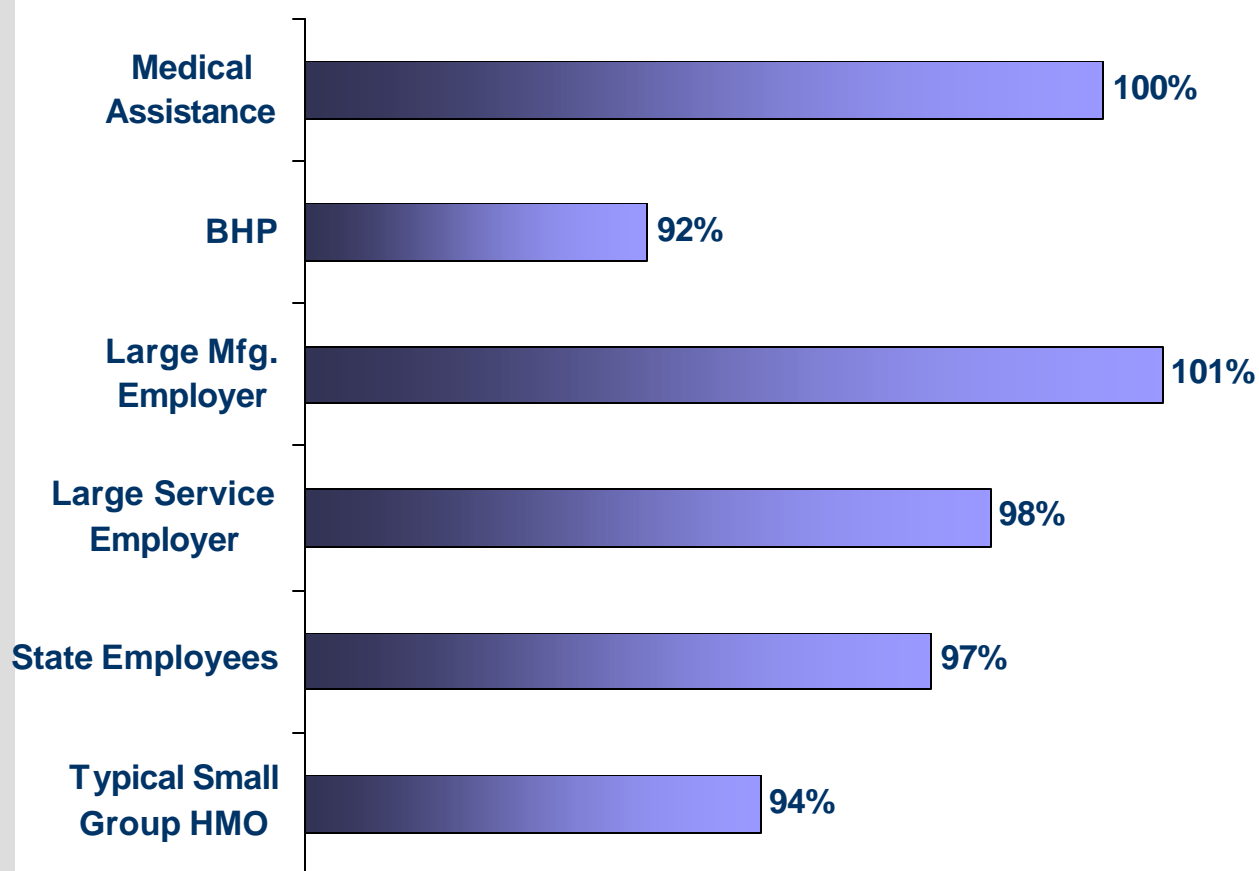
S = State-only service. No federal requirement.

Blank = Not covered.

	Medicaid-Eligible		GA-U & ADATSA	Medically Indigent
	Children	Adults		
Primary Care	M	M	S	S
Inpatient Hospital	M	M	S	S
Outpatient Hospital	M	M	S	S
Community Health Ctrs.	M	M		
EPSDT Screening	M			
Emergency Transport	M	M	S	S
Family Planning	M	M	S	
Home Health	M	M	S	
Lab & X-Ray	M	M	S	S
Chiropractic	E			
Dental Care & Dentures	M	O	S	
Drugs	E	O	S	
Hearing Aids/Audiology	M	O	S	
Hospice Care	E	O	S	
Interpreter Services	E	O	S	
Medical Equipment	E	O	S	
Optical Care & Glasses	M	O	S	
Organ Transplants	E	O	S	S
Oxygen & Respiratory	E	O	S	
Prosthetic Devices	E	O	S	
Physical Therapy	E	O	S	
Rehab Svcs.	E	O	S	
Speech Therapy	E	O	S	
Transport to Medical Svcs.	M	O	S	

Despite the Array of Services Covered, Medical Assistance Is Quite Comparable to Other Washington Health Plans In The Range of Medical Services Covered.

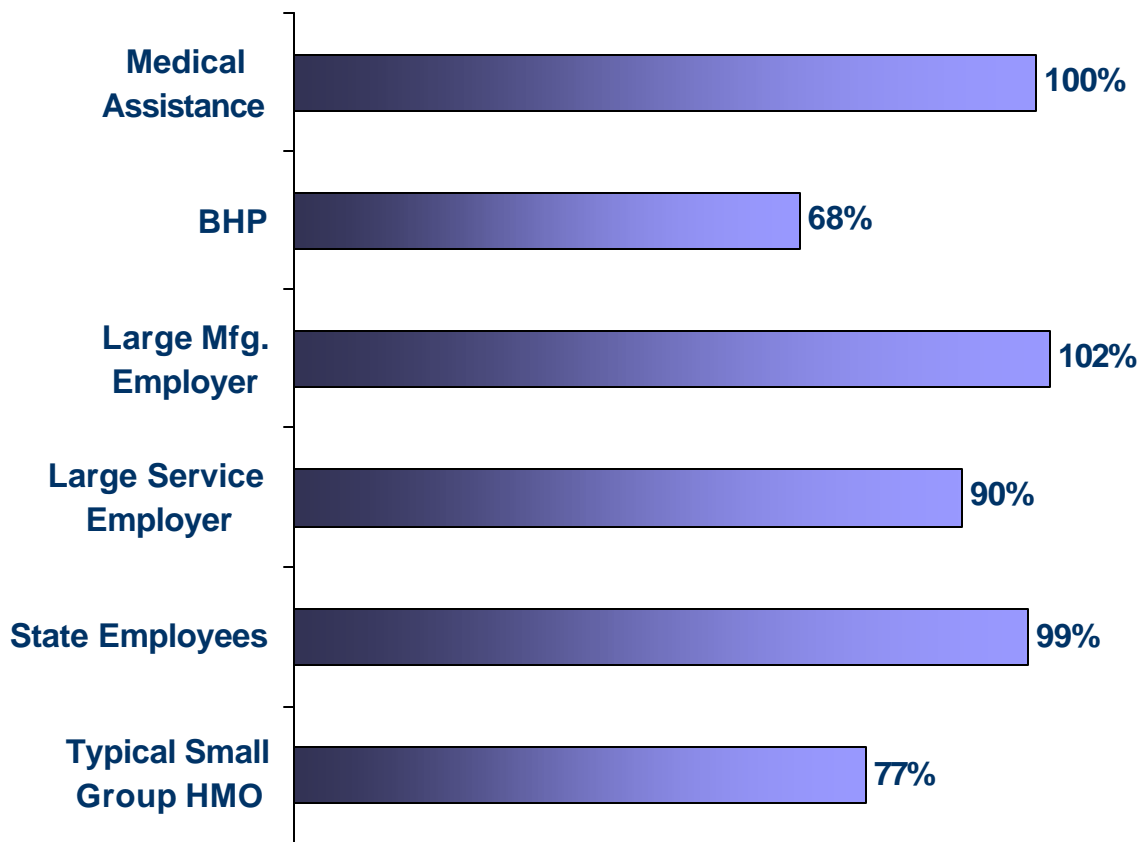
RELATIVE VALUE OF COVERED MEDICAL SERVICES



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. . . But Medical Assistance Is More Comprehensive Than the BHP and Most Small-Groups To the Extent That It Covers Dental and Vision Care.

**RELATIVE VALUE OF COVERED MEDICAL SERVICES
INCLUDING DENTAL AND VISION**



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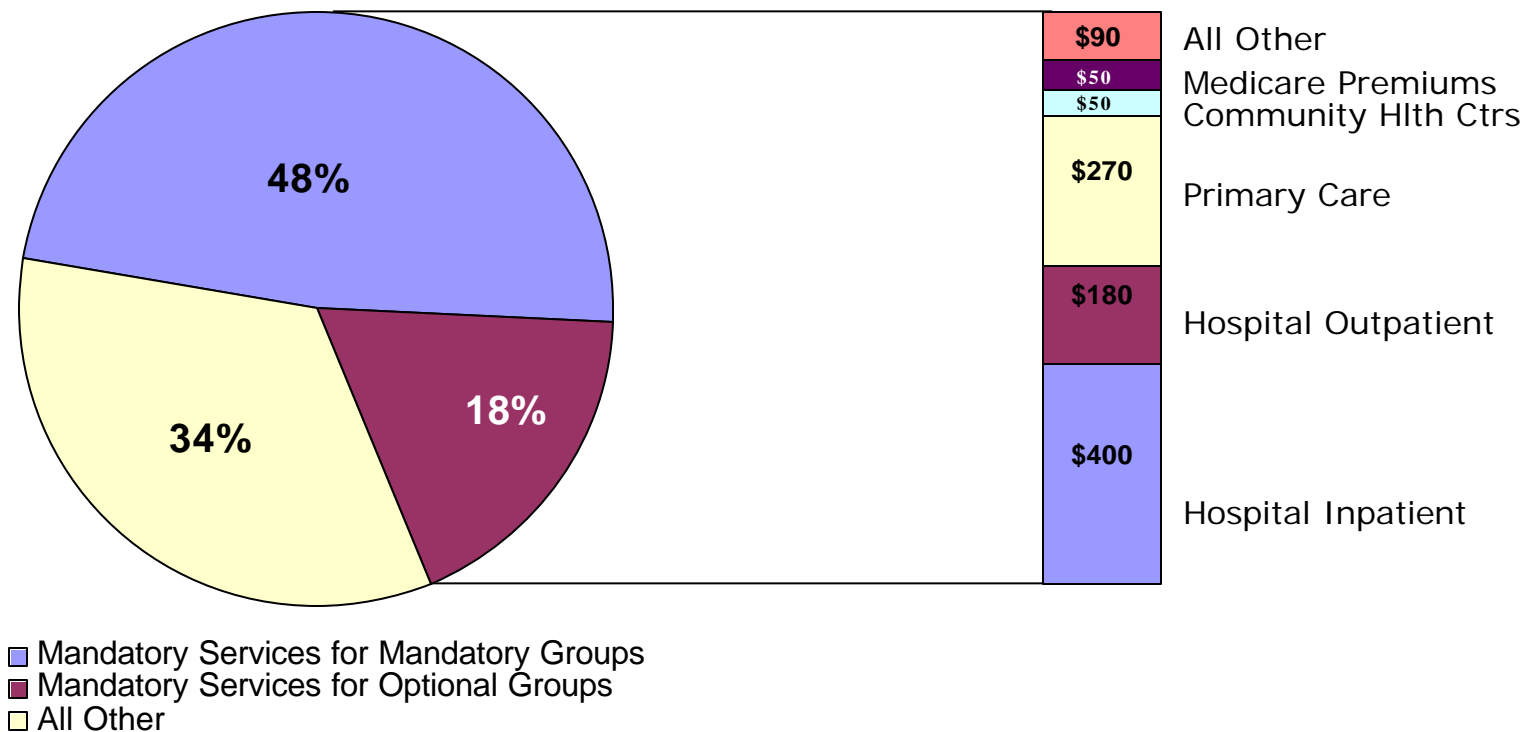
Washington Appears To Be Fairly Typical With Regard To The Range of Optional Services Covered By Its Medicaid Program.

	Covered by Washington Medicaid?	# of Other States Covering in 2001*
Chiropractic	No	27
Dental Care	Yes	42
Dentures	Yes	36
Drugs	Yes	50
Eye Glasses	Yes	43
Hospice Care	Yes	37
Optometry	Yes	47
Occupational Therapy	Yes	31
Podiatry	Yes	44
Physical Therapy	Yes	39
Prosthetics	Yes	48
Rehabilitative Services	Yes	47
Respiratory Care Therapy	Yes	14
Speech Therapy	Yes	37
Transportation	Yes	47

** As of August 2001, according to Families USA.*

About Two-Thirds of Medical Assistance Expenditures Are For Mandatory Medicaid Services.

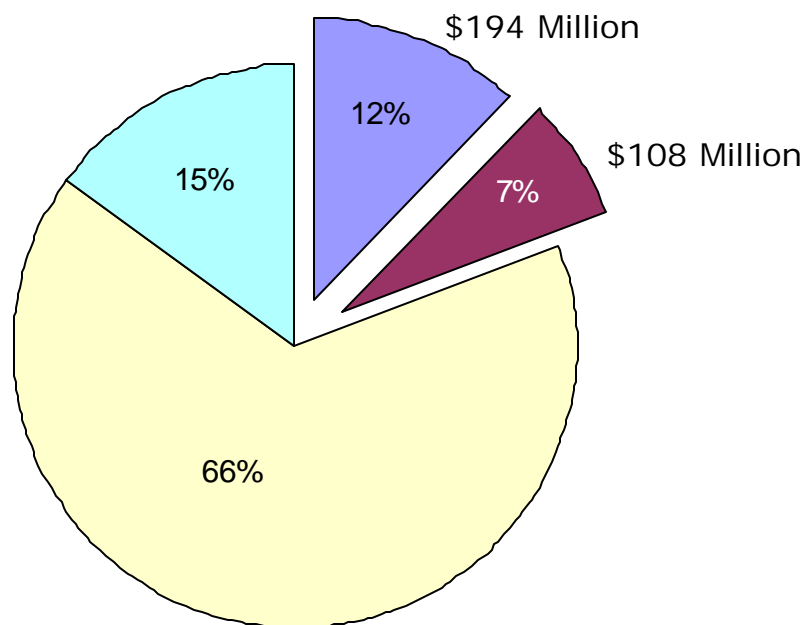
Total Projected FY 04 State Fund Expenditures = \$1.6 Billion



Note: Expenditures by service include estimated distribution of Healthy Options managed care payments.

About 20% of Medical Assistance Expenditures Are For Drugs* -- An Optional Service Under Federal Medicaid Rules.

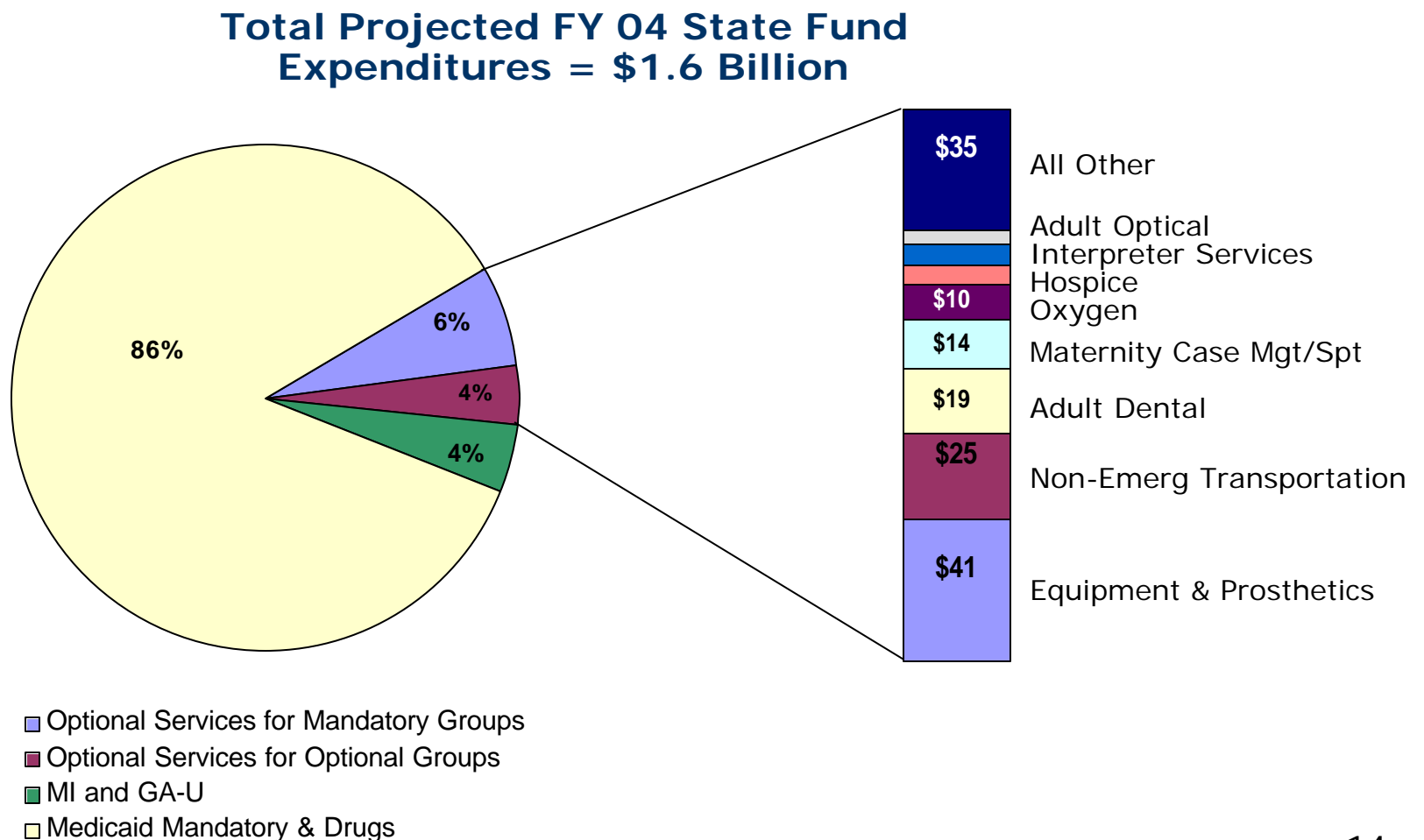
**TOTAL PROJECTED FY 04 STATE FUND
EXPENDITURES = \$1.6 BILLION**



■ Drugs for Mandatory Groups	■ Drugs for Medicaid Optional Groups
■ Mandatory Svcs. for Medicaid Groups	■ All Other

** state expenditures, net of rebates, including estimated managed care expenditures on drugs.*

The Remaining 15% of State Medical Assistance Expenditures Consist Of All Other Optional Services, and the State-Only Medically Indigent and GA-U Programs.



Approximately 70% of Expenditures On Medicaid Optional Services Are For Elderly and Disabled Recipients.

ESTIMATED FY 04 EXPENDITURES – EXCLUDING DRUGS STATE FUNDS ONLY, IN MILLIONS

	Elderly	Disabled	Children	Oth Adults	Total
Equipment & Prosthetics	\$15	\$23	\$2	\$1	\$41
Non-Emergency Transportation	\$5	\$14	\$2	\$5	\$26
Adult Dental	\$3	\$7	\$0	\$9	\$19
Maternity Case Mgt. & Support	\$0	\$0	\$2	\$12	\$14
Oxygen Supplies	\$2	\$6	\$1	\$1	\$10
Hospice	\$4	\$2	\$0	\$0	\$6
Interpreters	\$1	\$1	\$2	\$2	\$6
Adult Optical	\$1	\$2	\$0	\$1	\$4
All Other	\$8	\$15	\$7	\$4	\$34
Total	\$39	\$70	\$16	\$35	\$160
% of Total	24%	44%	10%	22%	100%

Co-Payments for Medical Assistance Programs.

Federal Medicaid Rules

Co-Payments of up to \$3 per service are allowable, *except* co-payments may *not* be applied to:

- children.
- pregnant women.
- persons receiving hospice care.
- persons required to contribute most income toward cost of care (e.g. nursing home residents).
- necessary emergency care; or
- family planning services or supplies.

and:

- provider may not deny service if recipient does not pay.

Medicaid Co-Pays in Other States

- 34 states report using co-pays for prescription drugs (15 on a sliding scale up to \$3 depending on cost of drug, 12 at a flat \$1 per prescription, 6 at \$2, and 1 at 50 cents).
- 12 states apply co-pays to at least one other service this year, most commonly emergency room visits.

Co-Pays in Washington's Medical Assistance Program

- \$1 co-pay was applied to drugs in 1993, repealed in 1994 in response to opposition from recipients and providers.
- \$3 co-pay applied to non-emergency use of emergency room, beginning July 2002, for groups not exempt under federal rules; Reform Waiver would increase to \$10, and apply to all groups.
- Reform Waiver would apply \$5 co-pay to non-preferred drugs, for all groups, unless non-preferred drug deemed necessary by prescriber. Pharmacist could substitute preferred drug, within scope of practice, if co-payment not made.

Enrollee Premiums for Medical Assistance Programs.

Federal Rules

Premiums *may only* be applied to:

- TANF families with incomes in excess of 100% of poverty, during their second six months of transition from cash welfare.
- pregnant women with incomes over 150% of poverty, with premiums averaging about 1.4% of income.
- "medically needy" enrollees, with premiums averaging about 1.3% of income.
- SCHIP children with family incomes over 150% of poverty, with total premiums for all covered children not to exceed 5% of family income.

Enrollee Premiums in Other States

- in late 2000, at least 26 states planned to apply some level of premium participation to their SCHIP program.
- no other interstate summary information currently available.

Enrollee Premiums in Washington's Medical Assistance Program

- \$10 per child per month for SCHIP, up to \$30 per family.
- 3% of income for families over 100% of poverty during second six months of transition.
- Reform Waiver would set premiums at \$10-\$20 per month, on a sliding-scale basis, for optional children, medically needy adults, and TANF families with incomes over 100% of poverty. Premiums would be about 1% of family income per enrollee, with a family maximum of 2.5%.